

Translation

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## Summary of Consolidated Financial Results for the Year Ended December 31, 2022 (Based on Japanese GAAP)

February 14, 2023

Company name: TEIKOKU SEN-I CO.,Ltd.  
 Stock exchange listing: Tokyo  
 Stock code: 3302 URL <https://www.teisen.co.jp/>  
 Representative: Chairman & CEO Tsuyoshi Shiraiwa  
 Inquiries: Vice President Tatsuru Okamura TEL 03(3281)3022  
 Scheduled date of ordinary general meeting of shareholders: March 30, 2023  
 Scheduled date to file Securities Report: March 30, 2023  
 Scheduled date to commence dividend payments: March 31, 2023  
 Preparation of supplementary material on financial results: No  
 Holding of financial results meeting: No

(Amounts less than one million yen are rounded down)

### 1. Consolidated financial results for the year ended December 31, 2022 (from January 1, 2022 to December 31, 2022)

#### (1) Consolidated operating results

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended December 31, 2022	29,904	(9.4)	4,459	(9.2)	5,296	(7.0)	3,659	(8.0)
Year ended December 31, 2021	32,993	2.0	4,910	17.2	5,693	17.0	3,978	17.7

	Earnings per share	Diluted earnings per share	Profit attributable to owners of parent/equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
Year ended December 31, 2022	139.31	137.32	6.4	7.2	14.9
Year ended December 31, 2021	150.48	147.60	7.1	8.0	14.9

#### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of December 31, 2022	72,132	58,024	79.9	2,207.88
As of December 31, 2021	74,280	57,645	76.6	2,151.26

#### (3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended December 31, 2022	9,446	1,471	(2,852)	15,169
Year ended December 31, 2021	19	(4,615)	(197)	7,104

### 2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended December 31, 2021	—	0.00	—	45.00	45.00	1,190	29.9	2.1
Year ended December 31, 2022	—	0.00	—	50.00	50.00	1,325	35.9	2.3
Year ending December 31, 2023 (Forecast)	—	0.00	—	50.00	50.00		46.6	

3. Forecast of consolidated financial results for the year ending December 31, 2023 (from January 1, 2023 to December 31, 2023)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	32,000	7.0	3,200	(28.2)	4,000	(24.5)	2,800	(23.5)	107.20

4. Notes

(1) Changes in significant subsidiaries during the year ended December 31, 2022

(changes in specified subsidiaries resulting in the change in scope of consolidation): No

(2) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements

Changes in accounting policies due to revisions to accounting standards and other regulations: Yes

Changes in accounting policies due to other reasons: No

Changes in accounting estimates: No

Restatement of prior period financial statements: No

(3) Number of issued shares (common shares)

Total number of issued shares at the end of the period (including treasury shares)

As of December 31, 2022	27,444,400 shares	As of December 31, 2021	27,394,400 shares
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Number of treasury shares at the end of the period

As of December 31, 2022	1,332,555 shares	As of December 31, 2021	943,495 shares
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Average number of shares during the period

Year ended December 31, 2022	26,265,026 shares	Year ended December 31, 2021	26,440,537 shares
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**Consolidated financial statements**  
**Consolidated balance sheets**

(Thousands of yen)

	As of December 31, 2021	As of December 31, 2022
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	6,207,523	16,122,875
Notes and accounts receivable - trade	12,615,357	–
Notes and accounts receivable - trade, and contract assets	–	6,665,427
Securities	12,349,975	5,999,975
Merchandise and finished goods	6,973,647	5,523,505
Work in process	1,075,943	1,422,232
Raw materials and supplies	687,761	845,230
Other	931,842	1,152,637
<b>Total current assets</b>	<b>40,842,050</b>	<b>37,731,884</b>
<b>Non-current assets</b>		
<b>Property, plant and equipment</b>		
Buildings and structures	7,293,142	10,594,564
Accumulated depreciation	(2,851,483)	(3,134,723)
Buildings and structures, net	4,441,659	7,459,840
Machinery, equipment and vehicles	2,987,663	3,105,455
Accumulated depreciation	(2,374,836)	(2,524,776)
Machinery, equipment and vehicles, net	612,827	580,678
Tools, furniture and fixtures	1,115,227	1,242,521
Accumulated depreciation	(874,777)	(919,521)
Tools, furniture and fixtures, net	240,450	322,999
Land	3,718,906	3,917,154
Construction in progress	1,291,394	162,408
<b>Total property, plant and equipment</b>	<b>10,305,237</b>	<b>12,443,082</b>
Intangible assets	396,284	68,581
<b>Investments and other assets</b>		
Investment securities	22,391,327	21,496,667
Retirement benefit asset	84,880	98,884
Deferred tax assets	83,518	117,298
Other	177,359	176,458
<b>Total investments and other assets</b>	<b>22,737,084</b>	<b>21,889,309</b>
<b>Total non-current assets</b>	<b>33,438,606</b>	<b>34,400,973</b>
<b>Total assets</b>	<b>74,280,657</b>	<b>72,132,858</b>

(Thousands of yen)

	As of December 31, 2021	As of December 31, 2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	6,037,970	4,328,343
Short-term borrowings	1,000,000	–
Current portion of long-term borrowings	44,000	45,000
Income taxes payable	1,162,546	683,579
Provision for bonuses for directors (and other officers)	5,000	5,000
Other	1,047,125	1,882,245
Total current liabilities	9,296,643	6,944,168
Non-current liabilities		
Long-term borrowings	45,000	–
Long-term guarantee deposits	597,503	536,490
Deferred tax liabilities	6,143,970	5,680,918
Retirement benefit liability	117,696	119,219
Provision for retirement benefits for directors (and other officers)	110,000	–
Provision for share awards for directors (and other officers)	–	519,715
Asset retirement obligations	73,054	76,465
Long-term accounts payable - other	78,650	78,650
Other	173,116	152,837
Total non-current liabilities	7,338,991	7,164,296
Total liabilities	16,635,634	14,108,465
Net assets		
Shareholders' equity		
Share capital	1,551,917	1,582,867
Capital surplus	926,421	957,371
Retained earnings	40,648,223	42,950,232
Treasury shares	(377,357)	(980,485)
Total shareholders' equity	42,749,204	44,509,985
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	14,159,568	13,110,602
Deferred gains or losses on hedges	(6,027)	31,159
Total accumulated other comprehensive income	14,153,541	13,141,761
Share acquisition rights	742,276	372,646
Total net assets	57,645,022	58,024,393
Total liabilities and net assets	74,280,657	72,132,858

**Consolidated statements of income and consolidated statements of comprehensive income**  
**Consolidated statements of income**

(Thousands of yen)

	Fiscal year ended December 31, 2021	Fiscal year ended December 31, 2022
Net sales	32,993,215	29,904,658
Cost of sales	23,266,062	20,564,806
Gross profit	9,727,153	9,339,851
Selling, general and administrative expenses	4,816,290	4,880,772
Operating profit	4,910,863	4,459,078
Non-operating income		
Interest income	642	450
Dividend income	740,662	807,890
Share of profit of entities accounted for using equity method	2,328	751
Other	53,640	47,490
Total non-operating income	797,274	856,584
Non-operating expenses		
Interest expenses	3,871	6,025
Foreign exchange losses	3,520	3,292
Commission expenses	6,232	8,767
Other	718	853
Total non-operating expenses	14,342	18,937
Ordinary profit	5,693,794	5,296,724
Extraordinary income		
Gain on sale of non-current assets	53	227
Gain on sale of investment securities	389,341	375,894
Total extraordinary income	389,395	376,121
Extraordinary losses		
Loss on disposal of non-current assets	312,477	376,942
Business place transfer expenses	41,137	–
Other	–	2,399
Total extraordinary losses	353,614	379,342
Profit before income taxes	5,729,575	5,293,503
Income taxes - current	1,782,468	1,604,151
Income taxes - deferred	(31,627)	30,315
Total income taxes	1,750,841	1,634,466
Profit	3,978,734	3,659,036
Profit attributable to owners of parent	3,978,734	3,659,036

## Consolidated statements of comprehensive income

(Thousands of yen)

	Fiscal year ended December 31, 2021	Fiscal year ended December 31, 2022
Profit	3,978,734	3,659,036
Other comprehensive income		
Valuation difference on available-for-sale securities	(332,391)	(1,048,966)
Deferred gains or losses on hedges	(43,960)	37,186
Total other comprehensive income	(376,351)	(1,011,779)
Comprehensive income	3,602,382	2,647,256
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,602,382	2,647,256

## Consolidated statements of changes in equity

Fiscal year ended December 31, 2021

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,538,002	912,407	37,857,981	(377,146)	39,931,245
Changes during period					
Issuance of new shares - exercise of share acquisition rights	13,915	13,915			27,830
Dividends of surplus			(1,188,492)		(1,188,492)
Profit attributable to owners of parent			3,978,734		3,978,734
Purchase of treasury shares				(234)	(234)
Disposal of treasury shares		98		23	122
Net changes in items other than shareholders' equity					
Total changes during period	13,915	14,013	2,790,241	(210)	2,817,959
Balance at end of period	1,551,917	926,421	40,648,223	(377,357)	42,749,204

	Accumulated other comprehensive income			Share acquisition rights	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Total accumulated other comprehensive income		
Balance at beginning of period	14,491,960	37,933	14,529,893	719,722	55,180,860
Changes during period					
Issuance of new shares - exercise of share acquisition rights					27,830
Dividends of surplus					(1,188,492)
Profit attributable to owners of parent					3,978,734
Purchase of treasury shares					(234)
Disposal of treasury shares					122
Net changes in items other than shareholders' equity	(332,391)	(43,960)	(376,351)	22,554	(353,797)
Total changes during period	(332,391)	(43,960)	(376,351)	22,554	2,464,161
Balance at end of period	14,159,568	(6,027)	14,153,541	742,276	57,645,022

Fiscal year ended December 31, 2022

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,551,917	926,421	40,648,223	(377,357)	42,749,204
Cumulative effects of changes in accounting policies			(166,736)		(166,736)
Restated balance	1,551,917	926,421	40,481,486	(377,357)	42,582,468
Changes during period					
Issuance of new shares - exercise of share acquisition rights	30,950	30,950			61,900
Dividends of surplus			(1,190,290)		(1,190,290)
Profit attributable to owners of parent			3,659,036		3,659,036
Purchase of treasury shares				(603,128)	(603,128)
Net changes in items other than shareholders' equity					
Total changes during period	30,950	30,950	2,468,745	(603,128)	1,927,517
Balance at end of period	1,582,867	957,371	42,950,232	(980,485)	44,509,985

	Accumulated other comprehensive income			Share acquisition rights	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Total accumulated other comprehensive income		
Balance at beginning of period	14,159,568	(6,027)	14,153,541	742,276	57,645,022
Cumulative effects of changes in accounting policies					(166,736)
Restated balance	14,159,568	(6,027)	14,153,541	742,276	57,478,285
Changes during period					
Issuance of new shares - exercise of share acquisition rights					61,900
Dividends of surplus					(1,190,290)
Profit attributable to owners of parent					3,659,036
Purchase of treasury shares					(603,128)
Net changes in items other than shareholders' equity	(1,048,966)	37,186	(1,011,779)	(369,630)	(1,381,409)
Total changes during period	(1,048,966)	37,186	(1,011,779)	(369,630)	546,107
Balance at end of period	13,110,602	31,159	13,141,761	372,646	58,024,393

## Consolidated statements of cash flows

(Thousands of yen)

	Fiscal year ended December 31, 2021	Fiscal year ended December 31, 2022
Cash flows from operating activities		
Profit before income taxes	5,729,575	5,293,503
Depreciation	494,984	558,037
Interest and dividend income	(741,305)	(808,341)
Interest expenses	3,871	6,025
Share of loss (profit) of entities accounted for using equity method	(2,328)	(751)
Increase (decrease) in provision for bonuses for directors (and other officers)	1,000	–
Decrease (increase) in retirement benefit asset	(8,403)	(14,004)
Increase (decrease) in retirement benefit liability	11,985	1,522
Increase (decrease) in provision for retirement benefits for directors (and other officers)	60,000	(110,000)
Increase (decrease) in provision for share awards for directors (and other officers)	–	519,715
Share-based payment expenses	50,344	(307,780)
Loss (gain) on disposal of non-current assets	312,423	376,715
Business place transfer expenses	41,137	–
Loss (gain) on sale of investment securities	(389,341)	(375,894)
Decrease (increase) in trade receivables	(4,671,508)	5,818,083
Decrease (increase) in inventories	(1,895,410)	1,311,988
Increase (decrease) in trade payables	1,689,932	(1,601,873)
Increase (decrease) in guarantee deposits received	(60,993)	(61,050)
Decrease (increase) in other current assets	(161,752)	(316,182)
Increase (decrease) in other current liabilities	(167,760)	285,502
Other, net	28,037	104,460
Subtotal	324,487	10,679,677
Interest and dividends received	742,389	809,422
Interest paid	(4,593)	(5,097)
Income taxes refund	3,079	31,380
Income taxes paid	(1,004,938)	(2,069,020)
Payment Of business place Relocation Expenses	(41,137)	–
Net cash provided by (used in) operating activities	19,287	9,446,361
Cash flows from investing activities		
Payments into time deposits	(3,206,154)	(3,906,154)
Proceeds from withdrawal of time deposits	3,206,154	3,556,154
Purchase of securities	(21,199,899)	(10,999,900)
Proceeds from redemption of securities	20,700,000	15,850,000
Purchase of property, plant and equipment	(3,249,182)	(2,771,446)
Proceeds from sale of property, plant and equipment	121	227
Payments for retirement of property, plant and equipment	(139,562)	(3,803)
Purchase of intangible assets	(120,066)	(4,293)
Purchase of investment securities	(1,004,257)	(626,388)
Proceeds from sale of investment securities	413,119	377,589
Proceeds from collection of loans receivable	5,225	–
Payments of leasehold and guarantee deposits	(36,441)	–
Proceeds from refund of leasehold and guarantee deposits	23,316	–
Payments for asset retirement obligations	(7,900)	–
Net cash provided by (used in) investing activities	(4,615,527)	1,471,984

(Thousands of yen)

	Fiscal year ended December 31, 2021	Fiscal year ended December 31, 2022
Cash flows from financing activities		
Proceeds from short-term borrowings	3,440,000	4,440,000
Repayments of short-term borrowings	(2,440,000)	(5,440,000)
Repayments of long-term borrowings	(11,000)	(44,000)
Repayments of lease liabilities	(3,687)	(20,279)
Proceeds from issuance of shares	40	50
Purchase of treasury shares	(234)	(603,128)
Proceeds from sale of treasury shares	122	–
Dividends paid	(1,182,440)	(1,185,636)
Net cash provided by (used in) financing activities	(197,199)	(2,852,994)
Net increase (decrease) in cash and cash equivalents	(4,793,439)	8,065,351
Cash and cash equivalents at beginning of period	11,897,885	7,104,446
Cash and cash equivalents at end of period	7,104,446	15,169,798